

Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 EB-07 FEA-01 AEC-05 AID-05 CEA-01

CIAE-00 CIEP-01 COME-00 DODE-00 FPC-01 H-01 INR-05

INT-05 L-02 NSAE-00 NSC-05 OMB-01 PM-03 RSC-01 SAM-01

OES-03 SP-02 SS-15 STR-01 TRSE-00 FRB-01 PA-01

USIA-06 PRS-01 /088 W

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P R 230820Z DEC 74

FM AMCONSUL ISTANBUL

TO AMEMBASSY ANKARA PRIORITY

INFO SECSTATE WASHDC PRIORITY 5741

/AMEMBASSY LONDON 0282

C O N F I D E N T I A L ISTANBUL 3432

EO 11652: GDS

TAGS: BGEN, ENRG, TU

SUBJECT: MOBIL TO HALT CRUDE OIL IMPORTS TO TURKEY

REF: (A) ANKARA 9809; (B) ANKARA 9759

1. FOLLOWING MEETING WITH MINENERGY AND NATURAL RESOURCES
ON DEC 18, MOBIL GNEMGR (CASANOVA) AND TOP AIDES FLEW TO
LONDON FOR MEETING WITH MOBIL OFFICIALS THER TO DETERMINE
FUTURE COURSE OF ACTION IN VIEW ISSUANCE OF GOT DECREE SETTING
PRICES FOR CRUDE OIL IMPORTS WHICH COMPANY CONSIDERS UNREALISTICALLY
LOW (REF. B). CASANOVA CALLED CONGENOFF DEC. 22 TO REPORT
THAT RESULT OF MEETING WAS, AS EXPECTED, TO CUT OFF FURTHER
IMPORTS OF CRUDE TO TURKEY.

2. CASANOVA GOING TO ANKARA TODAY (DEC 23), TO DELIVER LETTER
TO MINISTER OF HIGHEST RANKING OFFICIAL AVAILABLE STATING THAT IF
REALISTIC PRICE FOR CRUDE OIL INPORT IS NOT ACCEPTED BY GOT,
MOBIL INTERNATIONAL WILL NOT BE ABLE TO SUPPLY CURDE OIL TO MOBIL
OIL TURKEY AFTER JANUARY 1, 1975. THE LETTER ALSO REQUESTS
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GOT RECONSIDER PRICES ESTABLISHED BY THE DECREE FOR PERIOD

JAN 1, 1974 TO JAN 1, 1975 BUT DOES NOT REQUIRE IT AS CONDITION FOR CONTINUING SUPPLY CRUDE. LETTER FURTHER STATES, ACCORDING CASANOVA, THAT IF GOT FAILS ESTABLISH ACCEPTABLE PRICE, MOBIL TURKEY WILL MAKE EVERY EFFORT TO OBTAIN CRUDE ON OPEN MARKET AT PRICES SET BY GOT. IF MOBIL UNABLE TO DO SO, LETTER THEN PROPOSES THAT STATE-OWNED PETROLEUM COMPANY SUPPLY CRUDE WHICH ATAS REFINERY WOULD PROCESS FOR A FEE AND COMPANIES (BP AND MOBIL) WOULD THEN BUY BACK FINISHED PRODUCTS. LATTER PROPOSAL HAS BEEN REJECTED PREVIOUSLY BY GOT AND MOBIL UNDER NO ILLUSION THAT IT LIKELY BE ACCEPTED NOW.

3. CASANOVA SAID HE WOULD CONTACT EMBASSY UPON ARRIVAL. HE REFERRED TO EARLIER THREATS ON PART OF GOT LAST JUNE TO TAKE OVER ATAS REFINERY (REF. A) AND SAID MOBIL REALIZES THIS IS DISTINCT POSSIBILITY IF IMPORTS ARE CUT OFF. HOWEVER, COMPANY HAS DECIDED THAT AFTER TRYING FOR OVER A YEAR TO REACH REASONABLE AGREEMENT WITH GOT, COMPANY COULD NOT CONTINUE INDEFINITELY TO INCUR LOSSES. CASANOVA ADDED THAT MOBIL HEADQUARTERS IN NEW YORK HAD INFORMED DEPT. OF COMPANY'S DECISION BY PHONE ON DEC. 19.

4. COMMENT: MOBIL DECISION CONSISTENT WITH ATTITUDES EXPRESSED TO CONGENOFFS BY BOTH MOBIL AND BP OFFICIALS HERE LAST WEEK. CASANOVA SAID INITIAL INCLINATION AT LONDON MEETING WAS TO CUT IMPORTS IMMEDIATELY BUT HE PERSUADED MOBIL OFFICIALS TO GIVE GOT AS LEAST SOME TIME WITHIN WHICH TO AGREE TO NEW PRICE IF THEY SO INCLINED. HE SAID BP HAS ALSO TAKEN SIMILAR DECISION, BUT HE NOT SURE WHAT DEADLINE THEY HAVE SET AND WHETHER THEY HAVE YET INFORMED GOT. ON BASIS PAST PERFORMANCE, IT HIGHLY LIKELY THAT ANNOUNCEMENT BY COMPANIES OF DECISION TO HALT CRUDE IMPORTS WILL BE FOLLOWED BY STORM OF DENUNICAITION IN LOCAL PRESS AND CALLS FOR GOT TAKE-OVER OF ATAS REFINERY UNDER ARTICLE 112 OF PETROLEUM LAW. COMING AS IT DOES WHEN CONTROVERSY OVER US AID CUTOFF TO TURKEY JUST DYING DOWN, THIS COULD PRESENT READY-MADE OPPORTUNITY FOR THOSE ELEMENTS MOST INTERESTED IN FANNING ANTI-US SENTIMENT HERE.

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Disposition Date: 28 MAY 2004
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Disposition Reason:
Disposition Remarks:
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